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RE: Draft Proposed Net Metering Rules - Docket No. RE-00000A-07-0608

Commissioners:

Thank you for the opportunity to provide comments on Staff's proposed net metering rules issued December 17, 2007. My comments cover several areas but emphasize that the final rule must be consistent with the Renewable Energy Standard's (RES') distributed resource goals. Specific comments are presented below. The proposed rule appears to be mostly generic wording that would apply to any state and does not recognize any desire to utilize Arizona's special contribution to renewable (particularly solar) energy or the goal of a high level of contribution from distributed generation.

Here are some observations on my part:

Section 2304 A, B, C - Additional metering beyond pure "net metering" appears to be utilized so that the utility can get credit on the RES for what is generated for the consumer's own use in addition to what is put back into the grid and, therefore, the utility should pay for any increased hardware/software cost and NOT charge the customer a one-time fee, and particularly not an on-going monthly fee. The current APS protocol does NOT charge the consumer but allows APS to recover the cost of the additional equipment from the RES funds. The ACC should consider this for the statewide rule.

Section 2304 E & F - Again if additional test requirements are required, this should be the responsibility of the utility as long as the installation is done by an approved and certified installer, and I am sure that will be included.

Section 2304 G - The wording that states that the utility will "issue a check or billing credit" is unacceptable. This gives the utility the option of NEVER paying for the power generated. Thousands of kWh of credit could be accumulated over a multiple-year period and the utility would not have paid a cent for the power it sold to someone else at retail. It has to be cashed out periodically or it is not a real incentive. The rate, of course should not be at the "Avoided Cost" for the utility. It should be at the retail cost or some portion thereof that is beneficial to the consumer. Utilities use a false argument to say that it should be avoided cost or wholesale cost or the cost they pay at the bus at Palo Verde, etc., because they have to pay transmission and other expenses. The truth is that the power generated by a distributed system that can't be larger than 125% of its ability to

use power is never transmitted any great distance and does NOT raise their transmission cost or load by any measurable amount. The power generated by one resident is invariably used and charged to a close neighbor and never makes it into the high-voltage system. But it does reduce the load for the whole neighborhood and, therefore, is pure profit for the utility. In addition, reconciliation should be monthly or every 6 months at a minimum, possibly at the switch from summer to winter rates for time-of-day rate changes.

Section 2306 H - This section completely ignores the RES. Utilities are given permission to completely ignore other parts of the agreement and stop paying or crediting customers and notify them to stop generating power. This is not in the best interest of all concerned. It undercuts the whole idea of a stable market for distributed generation.

Section 2302 - Definitions- These definitions cannot differ from those in the RES.

Sections 2307 B & 2308 - These sections seem to impose unreasonable cost on the consumer/generator. The grid is unstable, less than 1% knockout can lead to blackout. Caps on the use of net-metered PV or other technologies can, by definition, prevent distributed technologies from providing badly needed grid support.

The October 2006 document "Laying the Foundation for a Solar America: The Million Solar Roofs Initiative," issued by the U.S. Department of Energy, Energy Efficiency and Renewable Energy states that:

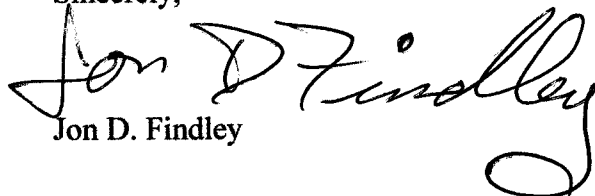
"Net metering rules and interconnection standards: These must be simplified and Standardized for distributed generators. Rules and extensive paperwork that are appropriate for utility-scale generators are inappropriate for small ones. Poorly designed net metering and interconnection standards can create rather than remove barriers.

Net metering must be capped at a level to allow a full policy cycle and result in full retail value to the customers. Under their net metering statutes, some states have capped the allowable amount of net metering. In some cases, however, this cap is reached before incentive funding for PV is fully expended."

These quoted passages, as well as many of the other ideas in this document could be used as a guideline in this rule.

I hope my comments have been helpful. I will look forward to a version of this rule that is more in keeping with goals of the RES and the interests of the Arizona ratepayers.

Sincerely,


Jon D. Findley